



Reprinted  
February 25, 2005

## HOUSE BILL No. 1568

DIGEST OF HB 1568 (Updated February 24, 2005 10:49 pm - DI 52)

**Citations Affected:** IC 6-1.1; noncode.

**Synopsis:** Local budgets and property taxes. Requires the department of local government finance (DLGF) to publish notice and hold a hearing on an objecting petition concerning budgets, rates, and levies filed by taxpayers. Eliminates the limitation against filing such a petition unless a certain percentage of petitioners also objected locally. Allows a taxpayer that owns property that represents at least 10% of the taxable assessed valuation in a political subdivision to appeal from the county board of tax adjustment's action on the political subdivision's budget. Requires the DLGF to provide written notice of the hearing on an appeal from the county board of tax adjustment's action to the taxpayers who initiated the appeal. Prohibits the DLGF from holding a hearing on local budgets, rates, and levies if an informational notice is not published by the county auditor at least ten days before the date of the hearing. Requires the DLGF to certify its action after a hearing on a political subdivision's budget, rate, and levy to the taxpayers that had appealed from the county board of tax adjustment's action and to a taxpayer that owns property that represents at least 10% of the taxable assessed valuation in a political subdivision. Allows a taxpayer that owns property that represents at least 10% of the taxable assessed valuation in a political subdivision to petition for judicial review of the DLGF's final determination. Defines maintenance for purposes of the property tax exemption that applies to property used for maintenance of commercial passenger aircraft.

**Effective:** January 1, 2005 (retroactive); July 1, 2005.

**Cherry, Grubb, Thomas**

January 18, 2005, read first time and referred to Committee on Local Government.  
February 21, 2005, amended, reported — Do Pass.  
February 24, 2005, read second time, amended, ordered engrossed.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1568

A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-1.1-10-15 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
3 Sec. 15. (a) The acquisition and improvement of land for use by the  
4 public as an airport and the maintenance of commercial passenger  
5 aircraft is a municipal purpose regardless of whether the airport or  
6 maintenance facility is owned or operated by a municipality. The owner  
7 of any airport located in this state, who holds a valid and current public  
8 airport certificate issued by the Indiana department of transportation,  
9 may claim an exemption for only so much of the land as is reasonably  
10 necessary to and used for public airport purposes. A person  
11 maintaining commercial passenger aircraft in a county having a  
12 population of more than two hundred thousand (200,000) but less than  
13 four hundred thousand (400,000) may claim an exemption for  
14 commercial passenger aircraft not subject to the aircraft excise tax  
15 under IC 6-6-6.5 that is being assessed under this article, if it is located  
16 in the county ~~only~~ **only** for the purposes of maintenance.  
17 (b) The exemption provided by this section is noncumulative and

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applies only to property that would not otherwise be exempt. Nothing contained in this section applies to or affects any other tax exemption provided by law.

(c) As used in this section, "land used for public airport purposes" includes the following:

(1) That part of airport land used for the taking off or landing of aircraft, taxiways, runway and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public.

(2) Real property owned by the airport owner and used directly for airport operation and maintenance purposes.

(3) Real property used in providing for the shelter, storage, or care of aircraft, including hangars.

(4) Housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment.

The term does not include land areas used solely for purposes unrelated to aviation.

**(d) As used in this section, "maintenance" means maintenance (as defined in 14 CFR 1.1) or preventive maintenance (as defined in 14 CFR 1.1). The term includes scheduled inspections undertaken to determine whether maintenance (as defined in 14 CFR 1.1) or preventive maintenance (as defined in 14 CFR 1.1) is needed or desirable.**

SECTION 2. IC 6-1.1-17-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) ~~Except as provided in subsection (b),~~ Ten (10) or more taxpayers **or one (1) taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision** may initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the county auditor. The statement must be filed not later than ten (10) days after the publication of the notice required by section 12 of this chapter. The statement shall specifically identify the provisions of the budget and tax levy to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the department of local government finance.

~~(b) This subsection applies to provisions of the budget and tax levy of a political subdivision:~~

~~(1) against which an objection petition was filed under section 5(b) of this chapter; and~~

~~(2) that were not changed by the fiscal body of the political subdivision after hearing the objections.~~

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A group of ten (10) or more taxpayers may not initiate an appeal under subsection (a) against provisions of the budget and tax levy if less than seventy-five percent (75%) of the objecting taxpayers with respect to the objection petition filed under section 5(b) of this chapter were objecting taxpayers with respect to the objection statement filed under subsection (a) against those provisions.

**(b) The department of local government finance shall:**

**(1) subject to subsection (c), give notice to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer, of the date, time, and location of the hearing on the objection statement filed under subsection (a);**

**(2) conduct a hearing on the objection; and**

**(3) after the hearing:**

**(A) consider the testimony and evidence submitted at the hearing; and**

**(B) mail the department's:**

**(i) written determination; and**

**(ii) written statement of findings;**

**to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer.**

**The department of local government finance may hold the hearing in conjunction with the hearing required under IC 6-1.1-17-16.**

**(c) The department of local government finance shall:**

**(1) provide written notice to:**

**(A) the first ten (10) taxpayers whose names appear on the petition; or**

**(B) the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer; and**

**(2) publish notice of the hearing;**

**at least five (5) days before the date of the hearing.**

**SECTION 3. IC 6-1.1-17-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political**

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subdivision's budget, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in ~~subsection~~ **subsections (j) and (k)**, before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 6-1.1-19, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The department of local government finance shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's

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1 budget only in the total amounts budgeted for each office or department  
 2 within each of the major budget classifications prescribed by the state  
 3 board of accounts.

4 (e) The department of local government finance may not approve a  
 5 levy for lease payments by a city, town, county, library, or school  
 6 corporation if the lease payments are payable to a building corporation  
 7 for use by the building corporation for debt service on bonds and if:

8 (1) no bonds of the building corporation are outstanding; or

9 (2) the building corporation has enough legally available funds on  
 10 hand to redeem all outstanding bonds payable from the particular  
 11 lease rental levy requested.

12 (f) The department of local government finance shall certify its  
 13 action to:

14 (1) the county auditor; ~~and~~

15 (2) the political subdivision if the department acts pursuant to an  
 16 appeal initiated by the political subdivision;

17 **(3) the first ten (10) taxpayers whose names appear on a**  
 18 **petition filed under section 13 of this chapter; and**

19 **(4) a taxpayer that owns property that represents at least ten**  
 20 **percent (10%) of the taxable assessed valuation in the political**  
 21 **subdivision.**

22 (g) The following may petition for judicial review of the final  
 23 determination of the department of local government finance under  
 24 subsection (f):

25 (1) If the department acts under an appeal initiated by a political  
 26 subdivision, the political subdivision.

27 (2) If the department acts under an appeal initiated by taxpayers  
 28 under section 13 of this chapter, a taxpayer who signed the  
 29 petition under that section.

30 (3) If the department acts under an appeal initiated by the county  
 31 auditor under section 14 of this chapter, the county auditor.

32 **(4) A taxpayer that owns property that represents at least ten**  
 33 **percent (10%) of the taxable assessed valuation in the political**  
 34 **subdivision.**

35 The petition must be filed in the tax court not more than forty-five (45)  
 36 days after the department certifies its action under subsection (f).

37 (h) The department of local government finance is expressly  
 38 directed to complete the duties assigned to it under this section not later  
 39 than February 15th of each year for taxes to be collected during that  
 40 year.

41 (i) Subject to the provisions of all applicable statutes, the  
 42 department of local government finance may increase a political

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subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

**(k) The department of local government finance may hold a hearing under subsection (c) only if the notice required in IC 6-1.1-17-12 is published at least ten (10) days before the date of the hearing.**

SECTION 4. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]  
**IC 6-1.1-10-15, as amended by this act, applies only to assessments of property made after December 31, 2004. The amendment of IC 6-1.1-10-15 by this act shall not be construed to disallow any exemption granted before January 1, 2005.**

SECTION 5. An emergency is declared for this act.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1568, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 3, after "taxpayers" insert **"or one (1) taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision"**.

Page 2, line 9, after "petition" insert **", or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer,"**.

Page 2, line 11, delete "and".

Page 2, between lines 11 and 12, begin a new line block indented and insert:

**"(2) conduct a hearing on the objection; and"**.

Page 2, line 12, delete "(2)" and insert "(3)".

Page 2, line 18, beginning with "to", begin a new line double block indented.

Page 2, line 19, after "petition" delete "." and insert **", or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer."**.

Page 2, delete lines 22 through 25, begin a new paragraph and insert:

**"(c) The department of local government finance shall:**

**(1) provide written notice to:**

**(A) the first ten (10) taxpayers whose names appear on the petition; or**

**(B) the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer; and**

**(2) publish notice of the hearing;**

**at least five (5) days before the date of the hearing."**

Page 4, line 1, strike "and".

Page 4, line 3, after "subdivision" delete "." and insert ";".

Page 4, between lines 3 and 4, begin a new line block indented and insert:

**"(3) the first ten (10) taxpayers whose names appear on a petition filed under section 13 of this chapter; and**

**(4) a taxpayer that owns property that represents at least ten**

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**percent (10%) of the taxable assessed valuation in the political subdivision."**

Page 4, between lines 13 and 14, begin a new line block indented and insert:

**"(4) A taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision."**

and when so amended that said bill do pass.

(Reference is to HB 1568 as introduced.)

SAUNDERS, Chair

Committee Vote: yeas 0, nays 0.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1568 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-10-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

Sec. 15. (a) The acquisition and improvement of land for use by the public as an airport and the maintenance of commercial passenger aircraft is a municipal purpose regardless of whether the airport or maintenance facility is owned or operated by a municipality. The owner of any airport located in this state, who holds a valid and current public airport certificate issued by the Indiana department of transportation, may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes. A person maintaining commercial passenger aircraft in a county having a population of more than two hundred thousand (200,000) but less than four hundred thousand (400,000) may claim an exemption for commercial passenger aircraft not subject to the aircraft excise tax under IC 6-6-6.5 that is being assessed under this article, if it is located in the county ~~only~~ for the purposes of maintenance.

(b) The exemption provided by this section is noncumulative and applies only to property that would not otherwise be exempt. Nothing contained in this section applies to or affects any other tax exemption provided by law.

(c) As used in this section, "land used for public airport purposes" includes the following:

- (1) That part of airport land used for the taking off or landing of aircraft, taxiways, runway and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public.
- (2) Real property owned by the airport owner and used directly for airport operation and maintenance purposes.
- (3) Real property used in providing for the shelter, storage, or care of aircraft, including hangars.
- (4) Housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment.

The term does not include land areas used solely for purposes unrelated to aviation.

**(d) As used in this section, "maintenance" means maintenance (as defined in 14 CFR 1.1) or preventive maintenance (as defined in 14 CFR 1.1). The term includes scheduled inspections**

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**undertaken to determine whether maintenance (as defined in 14 CFR 1.1) or preventive maintenance (as defined in 14 CFR 1.1) is needed or desirable."**

Page 5, after line 25, begin a new paragraph and insert:

**"SECTION 4. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)] IC 6-1.1-10-15, as amended by this act, applies only to assessments of property made after December 31, 2004. The amendment of IC 6-1.1-10-15 by this act shall not be construed to disallow any exemption granted before January 1, 2005.**

**SECTION 5. An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

(Reference is to HB 1568 as printed February 22, 2005.)

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